

# The APPRAISER

A PUBLICATION OF THE ARKANSAS APPRAISER LICENSING & CERTIFICATION BOARD

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## Opinion of Value

By Tom Scott  
Board Chairman

Since Jan. 1, 1999, applicants for an Arkansas real estate appraiser license or certification have been required to sit for a personal assessment interview before taking the licensing exam. The Board also has interviewed appraisers seeking to transfer their licenses from other states to Arkansas.

The licensing exam historically has been offered in April and October. Applicants wanting to take the exam must apply to the Board at least 60 days before the scheduled examination date. Typically, appointments are made and interviews are conducted two to three weeks before the exam. The interviews take place in the Board's Little Rock office and are conducted by two Board members. An applicant must remember that any experience hours claimed after Jan. 1, 2002, should have been performed as a State Registered Appraiser.

Board members and the agency's staff often are asked, "Why do we have to go to the time and expense of this interview?" I hope some of the reasons this is necessary are addressed in this column.

(See *OPINION*, page 8)

## Record Set as Complaints Soar Against Arkansas Appraisers

The record for complaints filed against Arkansas appraisers already had been broken this year!

As of the end of August, 31 complaints had been filed against 27 appraisers compared to 21 for all of last year.

Based on the phone calls being received at the Board's office, Executive Director Jim Martin says he has no reason to expect a decrease in the rate of complaints being filed during the rest of 2002.

Ten of the 31 complaints have come from mortgage/lenders (including 4 from Fannie Mae); 4 were filed by review appraisers; 3 came from government entities (the USDA and the state Legislative Audit Division); 2 were initiated by the Board; and 11 were filed by the public.

Ninety-three percent of the complaints involved appraisal assignments on single-family residences. The remaining were on non-residential property types.

Nearly half or 48 percent of the complaints are against Certified Residential Appraisers; 35 percent involve Certified Generals.

Thirteen of the 31 complaints have been considered by a probable cause panel, which recommended that 6 be referred to a non-judicial hearing panel and 7 be dismissed. Three are still pending before a non-judicial hearing panel.

As of this writing, 17 complaints

are still open in various stages of investigation.

It also should be noted that the Board is still wrestling with complaints filed in 2001. Two of the 2001 complaints went to full Board hearings. One of these resulted in

(See *COMPLAINTS*, page 5)

## Board Is Looking For One Good Man or Woman

The workload of the Arkansas Appraiser Licensing and Certification Board has become so great that a Legislative Council committee has authorized the agency to hire a chief investigator/ review appraiser.

The Board will accept applications until Oct. 25 for the position. Salary ranges between \$46,000 and \$50,000 annually, commensurate with experience and qualifications.

Applicants must be an Arkansas Certified real estate appraiser (general appraiser preferred) or be eligible for certification, have at least five years of experience in various property

(See *HIRING*, page 3)

## THE APPRAISER

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## It's Not a Rule, but...

The Arkansas Appraiser Licensing and Certification Board occasionally receives a suggestion that it adopt supplemental standards that would require every appraiser to approach an assignment on the same basis.

One suggestion involves adopting the American National Standards Institute's standard for measuring square footage in single-family and detached homes. It covers calculation and reporting of above-ground and below-ground space measured from the exterior surface of the house's exterior walls.

The Board remains reluctant to incorporate this form of supplemental standard within its rules, but notes that appraisers may find adherence to an accepted industry standard beneficial in their practices.

## Bradley, McKennon Appointed to Board

Gov. Mike Huckabee has appointed two new members to the Arkansas Appraiser Licensing and Certification Board this year. They are Nikita "Nikki" Belote Bradley of Fayetteville, who replaced Virginia Risinger of Strong and whose term expires Jan. 15, 2005, and Scott McKennon of Forrest City. McKennon's term also expires Jan. 15, 2005; he replaced Jonathan Street of Jonesboro.



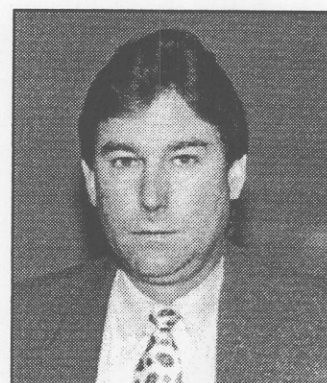
*'Nikki' Bradley*

### 'Nikki' Bradley

Bradley finds that serving on the Board is time-consuming and lacks remuneration, but "It's a trade-off. You can't learn by sitting in your office!"

With this thirst for knowledge, it should come as no surprise that Bradley is a cum laude and Phi Beta Kappa graduate in psychology from the University of Arkansas at Fayetteville. She received her degree in 1992, having returned to college as a non-traditional student after having her family.

Bradley's father, Troy Belote, is a former savings and loan executive who founded a real estate appraisal firm some 20 years ago in Fayetteville. Her father encouraged her to consider the appraisal profession, and Bradley worked for him part-time even before joining the company as a staff appraiser in 1990. Six years later, he sold the firm to his daughter and now he works for her part-time! Belote and Associates now has 10 employees, including Bradley's older daughter, Tara McNair, a certified general appraiser.



*Scott McKennon*

Bradley has completed all upper-level Appraisal Institute required education courses and experience hours toward the MAI designation—an 8-year endeavor.

In addition to her Appraisal Institute membership, Bradley is a member of its Arkansas Chapter, the Northwest Arkansas Appraisal Section of the North Arkansas Realtors Association, the National Association of Independent Fee Appraisers, is a State Certified General Appraiser, and an affiliate member of the Rogers Board of Realtors.

Bradley serves also on the board of the Altrusa International Foundation, a women's group, and on the North Arkansas Symphony, saying, "This is what I do for fun because I love music." She is active on the Fayetteville Chamber of Commerce's ambassador committee and has been a Fayetteville Leadership Committee member since 1999.

Bradley's younger daughter, Eden Hency, is a UAF student. Her mom confesses she hopes

*(See McKennon, page 3)*



## HIRING

(Continued from page 1)

types of real estate appraising along with significant review appraisal experience, or have an equivalent combination of education and experience with an advanced degree preferable but not required..

The person hired will assist the executive director and Board in processing complaints against licensees, including reviewing complaints and responses; developing investigation plans, gathering information, data and exhibits; preparing investigation reports for probable cause and non-judicial hearings; and coordinating with legal counsel when following through with additional adjudication of a complaint. The person also will assist the executive director and Board by responding to inquiries from licensees and the public and reviewing sample appraisals from applicants for licensing. In addition, he or she will testify and present evidence at hearings to substantiate charges alleged in formal complaints, and monitor compliance with Board orders and consent agreements.

Applicants for the position must have a thorough knowledge of Arkansas real estate appraisal laws, principles and practices and superior written and verbal communication skills. They also must live in central Arkansas or be willing to work out of the Board's Little Rock office. Statewide travel will be required, including overnight.

## Q&A

**Question:** Does a true copy have to contain a signature on the certification?

**Answer:** Yes, a true copy is a replica of the report sent to the client. The signatures affixed to the original report also must exist on a copy in the work file.

## Board Faces Turnover in January; Nominations Would Be Helpful

Under the 1991 state law that created it, the Arkansas Appraiser Licensing and Certification Board is facing another major membership turnover Jan. 15.

The terms of four appraiser Board members will expire and they are not eligible for reappointment because they have served two terms.

In addition, Dr. Charles Ainley of Paragould, who represents senior citizens, will have completed two terms in January and will not be eligible for reappointment.

"Each of these members has devoted a total of six years of service to the appraisal profession. Their impact will long be remembered," Executive Director Jim Martin said, adding, "They deserve a round of resounding applause."

Act 541 of 1991 provides in Section 17-14-201 that "State Chapters of National Organizations which are members of The Appraisal Foundation or its successor, plus the Arkansas Chapter of the Association of Consulting Foresters of

America, Inc., should submit to the Governor, on or before January 15 of each calendar year, a list of two (2) names of members to be considered as potential appointees."

The Board urges a timely response to this provision to insure that Arkansas' next governor will have a pool of eligible appraisers from which to draw in making four appointments to the panel.

Those whose terms are expiring and are not eligible for reappointment, the organizations they represent, and their Congressional districts are: Don Jordan of Hope, "at-large," District 4; Jack Larrison of Little Rock, The Appraisal Institute, District 2; Mary Lou Brainerd of Mena, "at-large," District 4; and David Reinold of Russellville, Consulting Foresters, District 3.

Officials of the various appraisal organizations may wish to familiarize themselves with the complete provisions of Act 541, which are found in the Real Estate Appraiser and Certification in Arkansas binder.

## McKENNON

(Continued from page 2)

Eden is learning how to keep the company's books.

## Scott McKennon

It could be said McKennon, 42, came by being a rural appraiser naturally because he grew up near Morrilton in the Arkansas River Valley on a cattle, soybean, wheat and milo farm.

McKennon attended Arkansas Tech University at Russellville, and it was here he said Dr. Kenneth Pippen, a professor, really sparked his interest in appraising rural property.

After graduating from ATU in 1982 with a degree in agricultural

business, McKennon went to work for the White River Production Credit Association in its Newport office. He has worked for Farm Credit Midsouth for 18 years and manages its offices at Forrest City and Wynne.

McKennon received the American Society of Farm Managers and Rural Appraisers' highest designation, ARA, in November 1991 and his Certified General Appraiser license in November 1993.

As a Board member, McKennon said he is interested in "continuing to bring integrity to the appraisal function and to protect the public from substandard appraisal work."

(See McKENNON, page 4)

## Warning: One Person Can't Teach Everyone

As of August, the Appraisal Qualifications Board (AQB), an independent board of The Appraisal Foundation, had certified only *one person* in Arkansas to teach the courses appraisers are required to take on the *Uniform Standards of Professional Appraisal Practice* after Jan. 1.

The courses are the 15-hour one on USPAP and the 7-hour USPAP update. The AQB voted recently to require an examination with the 7-hour update course beginning with the 2003 USPAP edition.

Arkansas appraisers face a new rule that in order to renew their licenses in mid-2004, they must have completed the 7-hour USPAP update course by June 30, 2004.

"Without more instructors, the availability of these educational offerings may become critical," Board Executive Director Jim Martin said. "I think appraisers should begin now to make plans to participate" in a 7-hour USPAP update course after Jan. 1, he added.

The certification of USPAP instructors is part of the AQB's plan to improve the quality and uniformity of appraisal training throughout the United States.

To become certified, an instructor must participate in a two-day course that presents an in-depth study of all concepts presented in the annual USPAP edition. A comprehensive exam is given on the third day.

Six courses were held in the country through June to certify USPAP instructors that attracted 232 individuals. Of those, 135 passed the course and 97 failed it. Nine more courses are being held this fall, including one Nov. 1-3 in Dallas presented by The Appraisal Foundation. The last one is Nov. 15-17 in Orlando, Fla.

## Fort Smith Appraiser Writes Textbook

A Fort Smith appraiser, Calvin Moye of Calmo Realty Services, Inc., has written a hardback textbook, *Principles of Residential Real Estate Appraising*, which the National Association of Independent Fee Appraisers (NAIFA) has chosen to use in its four core residential appraisal classes. It is his first textbook.

Jim Martin, executive director of the Arkansas Appraiser Licensing and Certification Board, called the textbook, which took Moye three years to prepare, "quite an accomplishment."

Moye also has designed and written the student/instructor manuals for two of NAIFA's core classes, bringing to four the number of Moye manuals in national classes.

Moye reports he also has published a new edition of an underwriting manual, *Dissection of a Residential Appraisal Report*, which he first wrote for GE Capital in 1994. Though he markets this manual directly, it also is used by NAIFA as the student workbook in appraisal underwriting and review classes. Some national firms, such as IndyMac Bank, use the manual to train underwriters.

Moye's firm is active on another professional front as well. In December 2000, the Federal Financial Institutions Examination Council (FFIEC), which provides training to bank regulators, awarded a contract to the Fort Smith business to develop the materials for two real estate appraisal review classes—one a 40-hour self-study course and the other a 40-hour classroom course. The contract includes instruction of the classroom course, which take place at the Federal Deposit Insurance Corporation (FDIC) headquarters in Arlington, Va.

Moye taught three of those classes in 2001 and has finished teaching three of the six scheduled for this year. He believes the contract will be extended through 2003. It also calls for developing an Internet class for examiners.

### McKENNON

(Continued from page 3)

In addition to his job, McKennon stays in touch with the soil by managing the family farm on which he grew up near Morrilton. He and his wife, Michelle, have three children—Kandis, an Arkansas Tech student; Colby, a high school junior; and Kelsey, a 7th grader. He also keeps track of finances for American Legion baseball in his eastern Arkansas area.

### Approved Education Providers / Offerings

**Baker's Professional Real Estate College** - Contact Billie Joe Baker (318) 222-7459, Shreveport, La.

**The Columbia Institute** - Call 1-800-460-3147, George Harrison.

**The Lincoln Graduate Center** - Contact 1-800-531-5333.

**National Association of Independent Fee Appraisers** - Contact 1-800-335-1751.

**RCI Career Enhancements** - Contact David Reinold (479) 968-7752. *Uniform Standards of Professional Appraisal Practice* 15 hrs. QE/CE, Russellville, Dec. 2 & 3.

**University Seminars, Inc. (ASU Division)** (ASU Division) - Contact Don Featherston, (501)315-8777



## Complaints

(Continued from page 1)

a mandatory education order. In the other, the appraiser opted not to renew his non-resident license status. Four probable cause hearings have been held on 2001 complaints and two non-judicial hearings have been held. Remedial education and monitoring of work products for specified periods of time are the primary disciplinary tools produced by the resolution process.

The significant problems found with appraisal reports during the complaint resolution process have been:

- \* Selection of comparable sales.
- \* Comparables were manufactured in one complaint.
- \* Supervisor appraisers are certifying to have inspected the interior of a subject when they did not.
- \* An appraiser failing to produce a timely report.
- \* Misrepresentation of existing zoning.
- \* Initial value conclusion not supported by a second opinion reviewer and/or drive-by appraisals.
- \* Value rendered by appraiser was too low.
- \* Retrospective appraisals that disagree with an earlier value opinion for loan purposes with the subject now in foreclosure.
- \* Failure to respond to a client's inquiry regarding the status of an appraisal report in a timely fashion.
- \* Failure to adequately describe and consider outbuildings.

Mortgage broker/lenders as well as the secondary market (Fannie Mae) are filing more complaints, and as foreclosures continue to escalate in a troubled economy, more complaints are expected from investor groups.

In addition, the appraisal reports the Board is reviewing are somewhat more complex than in the past and are more difficult to inves-

tigate and resolve. In one case, a total of 15 appraisal reports were the object of a complaint filed by two entities against the same appraiser, raising the question of whether an appraiser's past indiscretions are beginning to surface with the passage of time.

As reported in the adjoining article, the Board has concluded it must hire additional staff help to handle the growing workload.

## New Board Rules Go Into Effect

Several revisions to the Arkansas Appraiser Licensing and Certification Board's rules and regulations went into effect Sept. 16.

Applicants for both licensing and certification no longer will be able to claim eight hours of qualifying experience for every single-family residential appraisal assignment in which they are named. Instead, the applicants must log and provide the actual time spent on each single-family residential appraisal assignment.

Another change affects the continuing education requirement for registered appraisers. Now no more than seven hours of continuing education will be credited for seminars or courses taken by distance education.

The Arkansas Board also has set a Jan. 1, 2003, implementation date for the Appraiser Qualifications Board's requirement for a two-year USPAP update by all appraisers.

This means all Arkansas appraisers, when renewing in 2004, will be required to have completed a seven-hour USPAP update course taught by an AQB-certified instructor.

## Question & Answer

**(Editor's Note:** The Appraisal Standards Board ((ASB)) does not establish new standards or interpret existing ones. It issues Q&A to inform appraisers, regulators, and users of appraisal services of ASB responses to questions raised; to illustrate the applicability of USPAP in specific situations; and to help resolve appraisal issues and problems. The ASB Q&A does not constitute a legal opinion.)

**Question:** When reporting the results of a real property appraisal that includes a hypothetical condition, are appraisers required to report the hypothetical condition in every instance where the value conclusion is reported?

**Answer:** Yes. Standards Rule 1-2(h), which is a binding requirement, states that in developing a real property appraisal, an appraiser must identify any hypothetical conditions necessary in the assignment.

The comment on this rule says a hypothetical condition may be used in an assignment only if:

- [it is] clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; or
- use of the hypothetical condition results in a credible analysis; and the appraiser complies with the disclosure requirements set forth in USPAP for using them.

The corresponding reporting requirement found in Standards Rule 2-2(a)(b) and (c) of (viii), each of which is binding, states that all assumptions, hypothetical conditions, and limiting conditions that affected the analyses, opinions, and conclusions must be reported.

The comment on this is that typical or ordinary assumptions and limiting conditions may be grouped together in an identified section of the report. **An extraordinary assumption or hypothetical condition must be disclosed in conjunction with statements of each opinion or conclusion that was affected.** (Bold italics added for emphasis.)

## (Surprise!) New USPAP Rules Effective Jan. 1

To the surprise of no one familiar with the appraisal profession, the Appraisal Standards Board (ASB) has adopted changes to the *Uniform Standards of Professional Appraisal Practice* (USPAP) to go into effect Jan. 1.

The ASB, an independent entity of The Appraisal Foundation with Congressional authority to develop, interpret and amend the generally accepted standards for the appraisal profession, adopted the rules after receiving comments on two public exposure drafts.

Modifications that will be incorporated in the 2003 USPAP Edition include:

- \* Revisions to Standards Rules 1-5 and 7-5 on *Property Sales History* and an addition of

Standards Rule 1-6 and 7-6 on *Reconciliation*.

- \* Revisions to Advisory Opinion 3 (AO-3) and Statement on Appraisal Standard No. 7 (SMT-7) on *Updating an Appraisal*.

- \* A revised Advisory Opinion on *Appraising Properties Impacted by Environmental Contamination*.

- \* Revisions to Standard 3, *Appraisal Review, Development and Reporting*.

- \* Adding labels to clarify the application of USPAP by discipline.

- \* A clarification of USPAP Compliance.

Additional information on the changes may be found on the Foundation's web site at:

[www.appraisalfoundation.org](http://www.appraisalfoundation.org)

## FYI...

To maintain consistency in the application of its policies, the Arkansas Appraiser Licensing and Certification Board has determined that any experience claimed in qualifying for a state license or certification must have been acquired as a State Registered Appraiser.

The Board discussed this issue recently in the context of trainees working under the supervision of state licensed or certified appraisers. It concluded that any type of appraisal experience claimed for purposes of licensing would be acceptable only if it was completed by a State Registered Appraiser.

This includes individuals in the mass appraisal field who subsequently may choose to claim specific work experience for licensing designation. Those who are not registered would negate their ability to claim such work experience, the Board said.

## Board Clarifies Rule on Broker's Opinions

A long-established practice in the real estate industry is for Realtors to provide broker's price opinions or market analysis when seeking to obtain a listing or when helping a client set an asking price.

Relocation companies, REO, Fannie Mae, Freddie Mac and others continue to ask for broker's price opinions or market analysis, but this has caused considerable confusion in Arkansas because of the state's new law creating the classification of State Registered Appraiser.

The state law generally defines a State Registered appraiser as anyone who *has satisfied the registration requirements and determined by the Board as qualified to perform real property appraisals (estimate of nature, quality, value, or utility of an interest in identified real estate) on non-federally related transactions, unless such activities are specifically exempted under*

Section 17-14-104.

A part of that section states "this chapter shall not apply to a real estate broker or sales person licensed by this state who, in the ordinary course of his or her business, gives to a potential seller or third party, a market analysis or broker's price opinion as to the recommended listing price of real estate, or an opinion to a potential purchaser or third party as to the recommended price of real estate." Another part states that "The listing price or the purchase price shall not be referred to as an appraisal, but as a market analysis or broker's price opinion."

The Arkansas Appraiser Licensing and Certification Board discussed at length at a recent meeting how it would interpret the exemption under the law *in the event a complaint was filed against a realtor performing broker's price opinion and/or market analysis*.

The Board concluded that if a real estate professional responds to a potential client's request for a market analysis or broker's price opinion about a recommended listing price and the response is not in any way called or referred to as an appraisal and does not refer to the opinion as a "value," the exemption provisions will have been met and the provider will not need to be registered as an appraiser. If, however, the product is called an appraisal or the opinion is referred to as a value, the provider would need to be a State Registered Appraiser.

The Board advises that a Realtor providing these services and using the client's forms may wish to consider adding a disclaimer that the product "is not an appraisal but only a proposed listing price for marketing purposes."



## HUD Eyes New 'Appraisal Watch' System

The Department of Housing and Urban Development (HUD) took public comments until Sept. 23 on the Federal Housing Administration's proposal to establish an "Appraisal Watch" system similar to one already in effect for lenders.

HUD was seeking comments on what elements should be contained in a proposed rule establishing an "Appraisal Watch" initiative and not on a new rule itself.

Generally, the fully computerized "Appraiser Watch" would allow an appraiser to be removed from FHA's approved roster if the rate of defaults and claims on closed mortgages linked to the appraiser exceeded a rate established by the federal agency.

An appraisal is required on every property purchased with an FHA-insured mortgage. The purpose of an FHA appraisal is to determine the property's eligibility for mortgage insurance based on its condition and location, and to estimate the value of the property for mortgage insurance purposes. Congress said in a recent report that, "With the high loan-to-value ratio of most FHA loans, an accurate appraisal is critical to minimizing HUD's insurance risk."

The FHA already has a system to identify defaults and claims on mortgagees' loans during the first 24 months after endorsement. In cases of severe performance deficiencies, HUD may terminate mortgagees' loan origination approval authority. This is separate from removal from the approval roster because of violations of FHA requirements.

"Excessive default and claim rates represent an unacceptable risk to taxpayers and to FHA," Federal Housing Commissioner John

## Status Report

As of September 12, 2002, the Board's records showed these totals for appraisers:

State Certified General .....	374
State Certified Residential ....	315
State Licensed .....	115
State Registered .....	363

(Includes Temporary and Non-Resident Appraisers)

### NEXT EXAM April 5, 2003

Potential applicants should contact the Board's staff for current information on the application process, exam schedules, fees, and other licensing matters by calling (501) 296-1843, or use it's website at [www.state.ar.us/alcb/](http://www.state.ar.us/alcb/) or write the Appraiser Licensing and Certification Board Office at 2725 Cantrell Road, Suite 202, Little Rock, AR 72202.

Weicher said. "At the same time, we recognize that high defaults and claims do not by themselves prove wrongdoing. Some appraisers may experience them through no fault of their own, and these appraisers should not be subject to sanctions."

Under FHA's Credit Watch system, lenders are subject to being removed from the approved list if their default, claim rates exceed 200 percent of the normal rate in a HUD field office area. Among other points, FHA was seeking comment on whether a higher or lower rate than 200 percent should be used for appraisers, whether a minimum number of appraisals should be established, and the appropriate age for both loans and appraisals.

FHA also asked for comments on such matters as whether loss severity should be considered in addition to default, claim rate; what mitigating factors, if any, should the

## GAO Making First Study Of System

At the request of Sen. Paul Sarbanes (D-Md.), chairman of the Senate Banking, Housing and Urban Affairs Committee, the General Accounting Office is making the first comprehensive study of the state and federal appraiser regulatory system since it went into effect more than 10 years ago.

The study is focusing on several specific aspects of the system, but is not limited to them. The targeted areas include evaluating the functions of the Appraisal Subcommittee, which has federal oversight authority, state appraiser boards, and The Appraisal Foundation; evaluating fees charged for training and qualifications for state licensure; the regulatory system's impact on reducing mortgage fraud; the impact on increase use of automated valuation models (AVMs) on lenders and the secondary market, and a review of training and qualifications for state licensure to ensure that competent appraisers are used in mortgage transactions.

The Arkansas Appraiser Licensing and Certification Board already has received, completed, and returned an 11-page inquiry from GAO about its rules, enforcement activities, and anticipated operational changes.

agency consider; how long an appraiser should have to respond to a notice that he/she might be removed from the approved roster and to seek an informal conference.

The Arkansas Appraiser Licensing and Certification Board made critical note of the fact that HUD's proposal contains no policy directive requiring the FHA to advise state regulators when an appraiser is removed from or reinstated to the federal roster.

## Opinion

(Continued from page 1)

The primary reason an interview is required is the Board's skepticism about the validity and extent of the experience hours being claimed by many applicants. The Board reached a consensus that the increasing failure rate on the licensure exam as well as many of the complaints being logged against Arkansas appraisers were being caused by a simple lack of experience and proper training in the appraisal process.

Standards Rule 1-1(a) of the *Uniform Standards of Professional Appraisal Practice* (USPAP) states, "In developing a real property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal."

The *purpose* of the interview is found in this rule.

The *mission* of the two Board members conducting the interview is to determine if the applicant understands the methods and techniques used to develop the appraisal report that was submitted to the Board. The interview panel does not require that a certain

technique be used—only that the applicant understands the techniques he or she used in developing the report.

SR 1-1(c) states that the appraiser "must not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affect the credibility of those results."

The Board certainly realizes that competence does not require perfection. However, with the applicant present, the two Board members can develop a "feel" about whether due diligence was used in developing the appraisal report.

Typically, the interview lasts about an hour, during which the Board members are trying to assess the applicant's level of competence. Their goal is to offer comments and suggestions regarding any errors that may have been found in the methods and techniques the applicants

used. The goal is *not* to harass or embarrass the applicant during the interview.

At the end of the interview, the applicant usually is advised whether he or she will be allowed to sit for the exam. If so, the applicant will receive detailed information about the exam from the testing company before the scheduled date. Detailed reasons will be provided if an applicant is told he or she can't sit for the exam. Usually these reasons lie with the fact the work experience claimed by the applicant does not equate to the knowledge and experience necessary to sit for the exam. If the applicant disagrees with the interview team's assessment, he or she may appeal to the full Board.

In spite of the "time and expense" associated with the interview on both the part of the applicants and the Board members, it is the Board's finding that the process has been a positive experience and, in the long run, produces more competent real estate appraisers.

ARKANSAS



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